

ORIGINAL

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U.S. BANKRUPTCY COURT
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UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:) Case No. BK-S-06-10725 LRB
USA COMMERCIAL MORTGAGE COMPANY,	) Case No. BK-S-06-10726 LRB
Debtor.	) Case No. BK-S-06-10727 LRB
	) Case No. BK-S-06-10728 LRB
	) Case No. BK-S-06-10729 LRB
In re:)
USA CAPITAL REALTY ADVISORS, LLC,)
Debtor.	) Chapter 11
)
In re:	) Jointly Administered Under
USA CAPITAL DIVERSIFIED TRUST DEED	) Case No. Bk-S-06-10727-LRB
FUND, LLC,)
Debtor.	) RESPONSE TO OMNIBUS
	) OBJECTION OF POST-EFFECTIVE
In re:	) DATE USA CAPITAL DIVERSIFIED
USA CAPITAL FIRST TRUST DEED FUND, LLC	) TRUST DEED FUND, LLC, TO
Debtor.	) PROOFS OF INTEREST
)
In re:	) Hearing Date: July 27, 2007
USA SECURITIES, LLC,	) Hearing Time: 9:30 a.m.
Debtor.	) Courtroom: 1

COMES NOW, HERMAN M. ADAMS, ESQ., BRIAN M. ADAMS, ESQ. and ANTHONY G. ADAMS (hereinafter jointly referred to as "Adams"), jointly and severally in Pro se, and respond to USA Capitol Diversified Trust Deed Fund, LLC's (hereinafter "Diversified") OMNIBUS OBJECTION OF POST-EFFECTIVE DATE TO PROOFS OF INTEREST (hereinafter "Objection") relevant to only Proof of Interest No. 121, in the following respects.

1. Brian M. Adams, individually, and Adams filed two (2) separate Proofs of Interest relevant to Case No. 06-10727-LRB on November 8, 2006.
2. The first Proof of Interest is relevant only to Brian M. Adams (in the amount of \$325,000.00), and is identified in the Objection as Proof of Interest No. 128, Account ID No. 13571. At the BMC Group

1 webpage this is identified as Bankruptcy Claim No. 10727-00122. No response is made to Diversified's
2 Objection relevant to this Proof of Interest and their Proposed Disposition.

3 3. The other Proof of Interest filing is relevant to all three respondents jointly holding (in the amount
4 of \$3,625,000.00), and is identified in the Objection as Proof of Interest No. 121, Account ID No. 4349. At
5 the BMC Group webpage this is identified as Bankruptcy Claim No. 10727-120. This response concerns
6 this Proof of Interest.

7 4. Both Proof of Interests were filed for the amount of monies that had been invested with
8 Diversified up to the date of the November 2006 statement. In the case of Account ID No. 4349, this was
9 the sum of \$3,625,000.00. From the time of the initial investment to this date, no principal invested with
10 Diversified had ever been withdrawn.

11 5. Beginning in December 2006, Diversified (through USA Capital Realty Advisors), pursuant to
12 their monthly statement, purportedly began making principal redemptions to the investors. The statements
13 for the Adams account for December 2006, January 2007 and February 2007, indicated these redemptions in
14 the amounts of 19,228.63, 51,240.76 and 71,039.65, respectively. There was no redemption in March, and
15 in April the Petition in Bankruptcy was filed. Therefore, the total principal amount purportedly returned to
16 Adams by Diversified relevant to this account was \$141,569.04. Supporting documentation can be found in
17 the exhibits attached to the Proof of Interest filed herein.

18 6. The reasoning behind filing in the amount of the greater figure was due to the lack of information
19 and supporting documentation Adams had received at the time the Proof of Interest was filed. For example,
20 if Diversified could represent that monthly interest checks were paid to investors when in fact there were no
21 interest payments being made from the borrowers, then it seemed plausible that the purported return of
22 principal could have actually been interest paid by borrowers.

23 7. While not much more information has been gleaned from or about Diversified since the filing of
24 the Proof of Interest, Adams has been in contact with persons knowledgeable of the bankruptcy and
25 continuing operations of Diversified, and now feel comfortable that the amount of Equity Interest Adams has
26 in this particular account (Account ID No. 4349) is \$3,483,430.96.

27 8. Accordingly, Adams concedes that Proof of Interest No. 121 (for Account ID No. 4349) may be
28 modified and amended to \$3,483,430.96.

1 9. The purpose for this response is because, relevant to this account, Diversified has made, at a
 2 minimum, a typographical error in its schedule of Proposed Disposition set forth in the Objection. Herein, at
 3 page 13 of 15, Diversified reports that the Asserted Equity Interest Amount is \$3,625,000.00, which is
 4 correct. In the column titled "Amount of Equity Interest Per Debtors' Records", the amount of
 5 \$3,483,430.96 is set forth, which is also correct.

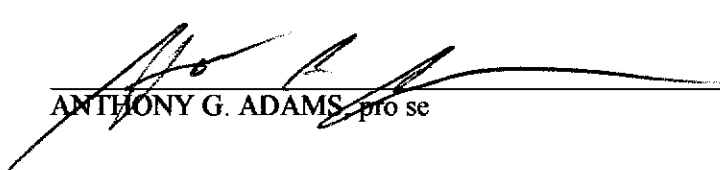
6 10. The error is found in the column titled "Proposed Disposition", wherein Diversified states,
 7 "Disallow interest to the extent it exceeds \$141,569.04, which is the amount of the filing Party's equity
 8 interest in Diversified as of the Petition Date, as reflected in Diversified's books and records". It is believed
 9 and contended that this figure should be \$3,483,430.96. The figure of \$141,569.04 is merely the amount in
 10 which the Objection seeks to reduce the claim of interest by, but this is not the "Amount of Equity Interest
 11 Per Debtors' Records" which Diversified properly reports as \$3,483,430.96.

12 **WHEREFORE**, Respondent/Claimant prays that if the Proof of Interest amount is to be reduced, it
 13 should be disallowed only to the extent that it exceeds \$3,483,430.96, and not \$141,569.04.

14 **DATED** this 29th day of June, 2007.

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 16 HERMAN M. ADAMS, ESQ., pro se

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 18 BRIAN M. ADAMS, ESQ., pro se

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 20 ANTHONY G. ADAMS, pro se